

# Summary of Business Rules for Accounting for and Reporting of Military Equipment

## Reporting Entity

### Objective

- Provide guidance on the reporting of military equipment by a user entity in instances where the equipment was acquired by a non-user entity in a manner consistent with the provisions of Statement of Federal Financial Accounting Standards No. 4, *Managerial Cost Accounting*, and Statement of Federal Financial Accounting Standards No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*.

### Baseline Valuation Methodology

- DoD entities that possess and control (have preponderant use of) military equipment items that materially contribute to mission accomplishment should report such items in their financial statements, regardless of the organization that originally acquired or provided the funding for the items.

### Mid-Term Valuation Methodology

- Same as Baseline